'92 Foodservice Report P.105

Seafood BUSINESS

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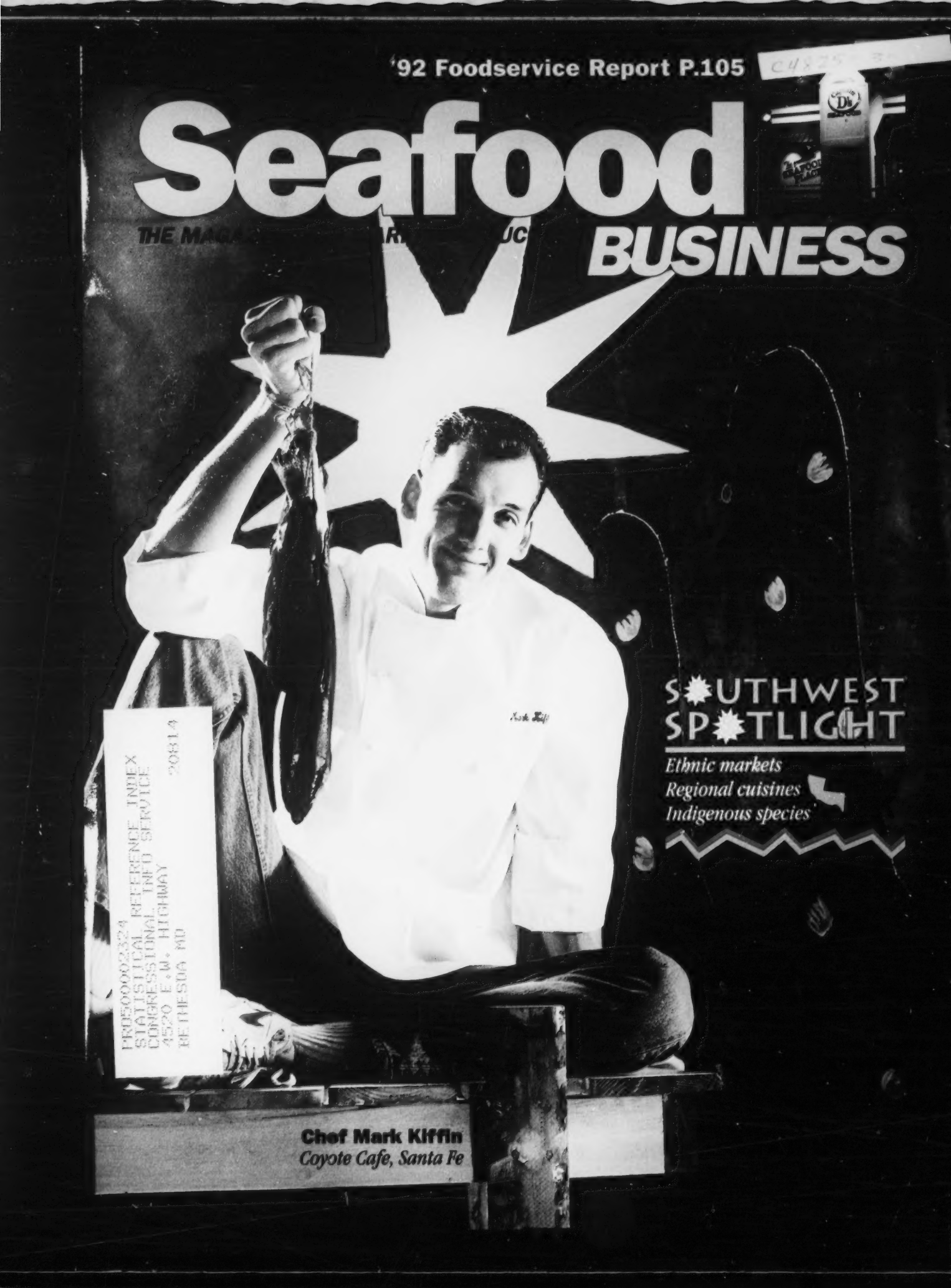

SOUTHWEST SPOTLIGHT

Ethnic markets
Regional cuisines
Indigenous species

Chef Mark Kiffin
Coyote Cafe, Santa Fe

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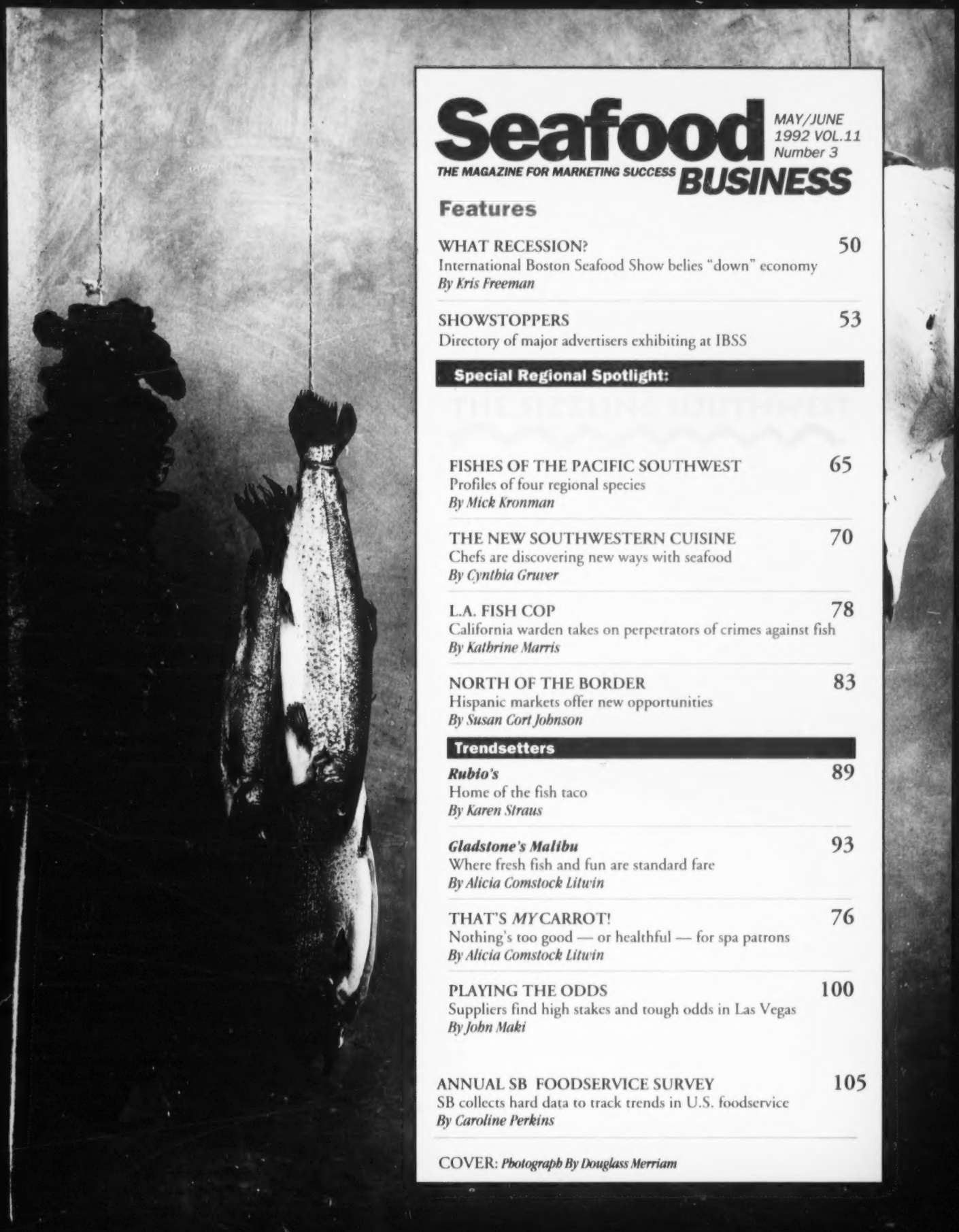


Seafood BUSINESS

THE MAGAZINE FOR MARKETING SUCCESS

MAY/JUNE
1992 VOL.11
Number 3

Features

WHAT RECESSION? 50
International Boston Seafood Show belies "down" economy
By Kris Freeman

SHOWSTOPPERS 53
Directory of major advertisers exhibiting at IBSS

Special Regional Spotlight:

FISHES OF THE PACIFIC SOUTHWEST 65
Profiles of four regional species
By Mick Kronman

THE NEW SOUTHWESTERN CUISINE 70
Chefs are discovering new ways with seafood
By Cynthia Gruver

L.A. FISH COP 78
California warden takes on perpetrators of crimes against fish
By Kathrine Marris

NORTH OF THE BORDER 83
Hispanic markets offer new opportunities
By Susan Cort Johnson

Trendsetters

Rubio's 89
Home of the fish taco
By Karen Straus

Gladstone's Malibu 93
Where fresh fish and fun are standard fare
By Alicia Comstock Litwin

THAT'S *MY* CARROT! 76
Nothing's too good — or healthful — for spa patrons
By Alicia Comstock Litwin

PLAYING THE ODDS 100
Suppliers find high stakes and tough odds in Las Vegas
By John Maki

ANNUAL SB FOODSERVICE SURVEY 105
SB collects hard data to track trends in U.S. foodservice
By Caroline Perkins

COVER: *Photograph By Douglass Merriam*

Departments & Columns:

6
From the Editor
Heading in new directions

10
Op/Ed
Quality is a 50-50 proposition

14
Seafood's Future
Seafood Business editors track and project pricing and supply

26
Seafood Caucus
The CHEFS have put us to shame *By Lee Weddig*

32
Marketing Seafood
You can still come out on top *By Kristina Cannon-Bonventre*

38
Seafood Business News
Threat of shrimp embargo • Seafood fair in India • An award-winning *SB* department

115
Solutions
New products debut, established ones are repositioned

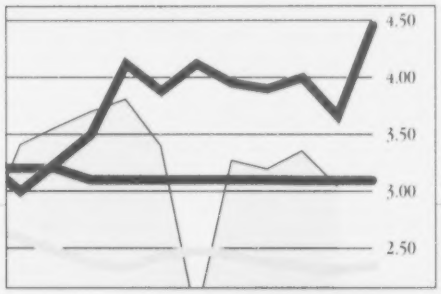
119
Personality Profile: Ernest Doizaki
Who'd believe the head of American Fish once hated the seafood business? *By Kathrine Marris*

122
People/Performance
Personal promotions, company milestones, awards, changes of note

128
Another Source
Books, videos, pamphlets, magazines and other new information sources

130
Waterfood: Tuna
Revered by gods and mortals alike
By Susan Herrmann Loomis

136
From the Publisher
Harbingers of a turnaround?



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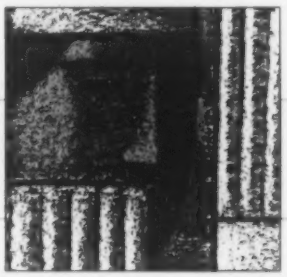
26

32

130

From The Editor

HEADING IN NEW DIRECTIONS

What do you want for dinner? Italian food? Chinese food? Mexican food? Would you prefer Manhattan or New England clam chowder? Cajun shrimp or Maine lobster?

Ethnic and regional preferences guide our food selections every day. It's like choosing a familiar label from the shelf.

Ethnic and regional flavor profiles are now solidly entrenched in mainstream America. For the first time in the history of the category, salsa outsold catsup last year! Large food manufacturers are creating products with Hispanic and Asian "flavor profiles."

Seafood has always been subject to strong ethnic and regional influences, both in species preferences and in methods of preparation. This diversity provides a rich selection of marketing possibilities. Ethnic and regional cuisines allow trendsetting buyers and sellers the opportunity to offer the variety and excitement that customers demand.

We are introducing a new series in this issue to help you to keep current on how ethnic and regional cuisines can be used to market seafood. The SIZZLING SOUTHWEST is the first of several regional spotlights. We take a look at ethnic influences on seafood, regional species, trends, marketing successes in the region and the people who make them happen. Buyers will find new product ideas; sellers will find marketing inspiration.

Studies have shown that the consumer's No. 1 consideration when choosing seafood is taste. Taste is regional! What better way to market seafood than to give it a regional or ethnic personality? The beef, pork and chicken people are all doing it.

Associate Editor Kathrine Marris in our Seattle office coordinated the Southwest Spotlight. Marris has been involved in the food industry for five years and has added her unique style to our pages since 1989. When she is not writing about seafood, she is an author of mystery novels, under the pen name K.K.Beck. Her 10th novel, "The Body in the Cornflakes," will be on the shelves in July. It features the brutal murder of a retail seafood manager.

This issue also includes our seventh annual restaurant survey, which has been renamed The Foodservice Report. The chains with whom we spoke account for more than 3,000 units nationwide; independents account for 40 percent of U.S. high-volume restaurants.

These foodservice respondents sent a very clear message about the challenges they face in selling seafood and how we as an industry can help them sell more.

Caroline Perkins

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The 1992 Seafood Business Foodservice Report

By Caroline Perkins

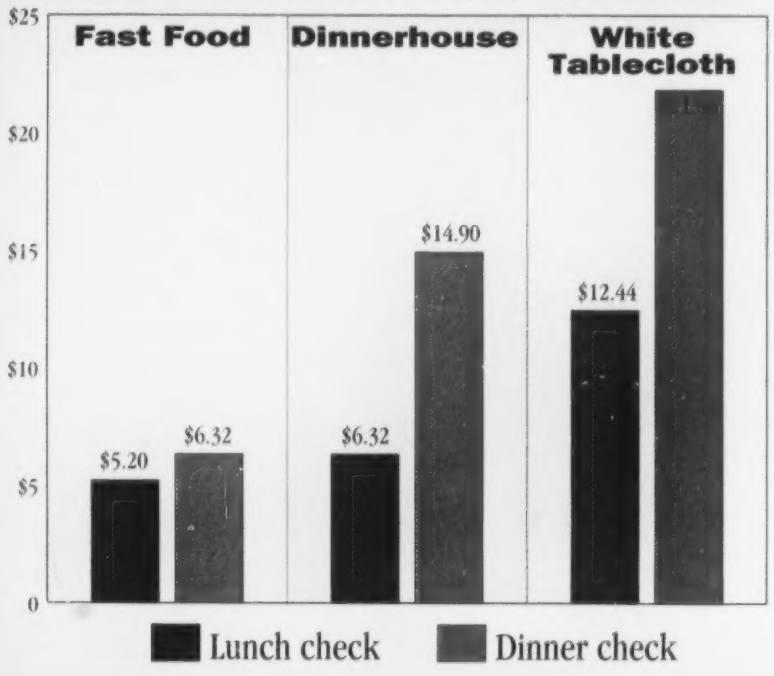
This year marks SB's seventh annual restaurant survey. *For 1992, we expanded the survey sample to include high-volume independent restaurants (those with revenues of more than $5 million per year) in addition to multi-unit chains. The chains represent more than 3,000 units nationwide; the independents account for 40 percent of the high-volume restaurants in America.*

We spoke with seafood buyers, chefs or marketing representatives in three segments: Fast Food (counter service), Dinnerhouse (sit-down, family-style, casual dining), and White-Tablecloth (elegant dining). Our findings are presented on the next several pages as the newly named SB Foodservice Report.

Our findings: *The foodservice sector is looking to the seafood industry for help with sales.*

Average Lunch & Dinner Checks, Chains

Fast Food vs. Dinnerhouse vs. White Tablecloth



Best-selling Species on the Menu

Fast Food vs. Dinnerhouse vs. White Tablecloth

	Fast Food	Dinnerhouse	White Tablecloth
1	Cod & all "whitefish" [1]	Shrimp	Swordfish
2	Shrimp	Crab	Salmon
3	Crab	Lobster	Tuna
4	Clams	Cod, haddock	Crab
5	[2]	Halibut	Shrimp
6		Salmon	Mahi mahi
7		Swordfish	Snapper
8		Catfish	Lobster
9		Scallops	Sole
10		Snapper	Halibut

[1] Includes pollock and haddock
[2] Responses were limited to top four species

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The biggest challenge

The No. 1 challenge, mentioned most frequently, is price sensitivity: Consumers are not buying seafood menu items that seem to them to cost more than they are worth. The key word is "value."

This issue is serious to the chain operators and the independents alike. Although one would think there would be less price sensitivity in the high end of the market, the white-tablecloth restaurants have been feeling the effect of the recession more than the fast-food operations.

Quality control of seafood, including safety assurance, is the second most important challenge cited by respondents. The independents, especially, would like to see some kind of inspection process in place. The chains, most of which have had strict quality-control procedures in place already, are less focused on the need for inspection. As buyers, they all agree that quality assurance lies in the hands of the suppliers.

The need for increased public awareness and education about seafood is the third most important challenge stated by the foodservice purchasers. There was almost no effect on consumption of seafood as a result of the recent "fish bashing," but there is a general nervousness that lack of consumer knowledge has the potential to hurt sales if bad press continues.

What these restaurant buyers and managers want the industry to do to help them sell more seafood makes for an interesting list. On it, the top three requests are in reverse order from the challenges cited above. One reason might be that, although operators are concerned most on a day-to-day basis with pricing, they have some control in that area. They can shift to lower-cost species, or find some other way to maintain profitability. Taking on public awareness and education, however, is a major, time-consuming and expensive endeavor.

The respondents are quick to point out that other industries, like beef and pork, provide plenty of education and promotional support. Why, they ask, shouldn't the seafood industry? (See "Seafood Caucus" on page 32 for more on this topic.)

Requests for help

First and foremost, buyers want the industry to address the lack of awareness and knowledge about seafood in the general public. Suggestions on how this might be accomplished include generic promotions, health promotions, and good press to counter and stop bad press. All are targeted at gaining customer confidence.

As Frank D'Angelo, general manager of Bob Chinn's Crabhouse in Wheeling, Illinois, says: "[We have to] counter negative publicity about seafood these days. We need some kind of back-up help. Too many bad things are said, and not enough good. People remember the bad too often."

Quality assurance runs a close second as a method of increasing sales. Opinions are split as to whether there should be federal inspection or the industry should police itself.

All the respondents report having some kind of in-house quality control in place. This usually consists of inspection carried out by the chef at the delivery door, although a few have more formal systems in place, such as Hazard Analysis of Critical Control Points (HACCP), or other certification programs. Many rely on checking the product when it reaches the restaurant.

Alex Berlinger, director of purchasing at Tavern on the Green in New York, sums it up: "We check closely for odor, color, texture and temperature at each delivery."

All buyers would prefer having quality and safety of seafood assured before it gets to the delivery door.

The third measure requested of the industry is to somehow stabilize and then maintain control of pricing so that seafood items can be reasonably priced on menus and compete for value with beef and chicken in the mind of the consumer.

The best-seller list

So what are consumers eating? Best-selling species differ, depending on the type of dining the restaurant offers. Cod and other whitefish, including pollock, reign in the fast-food category, followed by shrimp and crab. Shrimp, crab and lobster, in that order, are the three best sellers in dinnerhouses.

Best-selling Species on the Menu

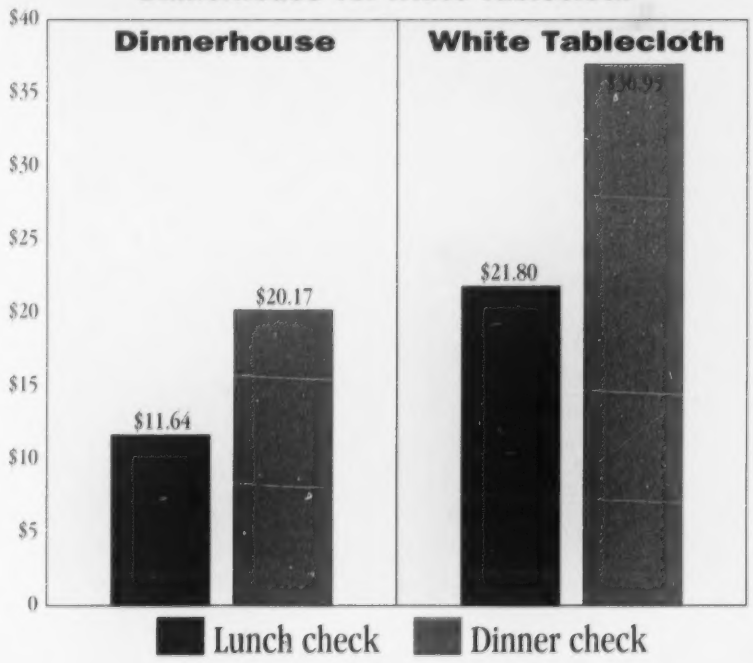
Chains vs. High-Volume Independents

	Chains[1]	Independents[2]	Combined
1	Cod & all "whitefish" [3]	Salmon	Cod & all "whitefish" [3]
2	Shrimp	Shrimp	Shrimp
3	Crab	Swordfish	Crab
4	Swordfish	Lobster	Salmon
5	Salmon	Snapper	Swordfish
6	Clams	Crab	Clams
7	Lobster	Halibut	Lobster
8	Tuna	Sole	Tuna
9	Halibut	Tuna	Halibut
10	Mahi mahi	Scallops	Mahi mahi

[1] 19 chains representing 3,012 units
[2] 39 high-volume independents with sales of $5 million or more in 1991
[3] Includes pollock and haddock

Average Lunch & Dinner Checks, Independents

Dinnerhouse vs. White Tablecloth



The totals for fast-food restaurants and dinnerhouses are heavily influenced by the few large, multi-unit chains in the categories. Long John Silver's dominates the fast-food category, with cod as the No. 1 best seller in its 1,461 units. Red Lobster's 500-plus dinnerhouse units report shrimp as their best seller.

Salmon is No. 1 in the combined independent category (including dinnerhouses and white-tablecloths, but not including chains). White-tablecloth restaurants, when tallied separately, report that the traditional favorite, swordfish, is No. 1.

Tilapia almost made its way onto the white-tablecloth best-seller list, placing 12th. Brennan's Restaurant in New Orleans is using so much of it that the owners are considering getting involved in tilapia farming.

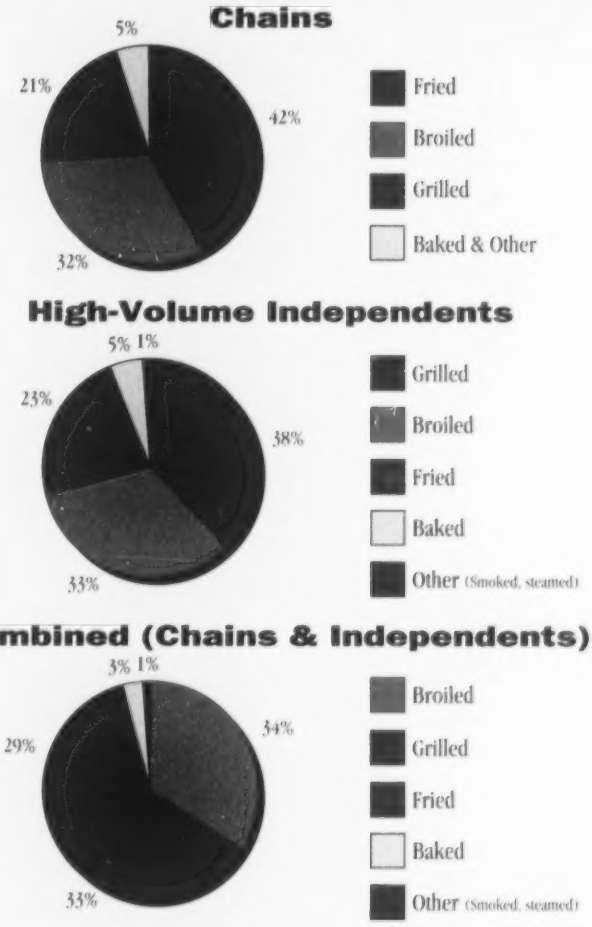
Except in the chains, which use frozen fish out of necessity, the emphasis is still on "fresh." The majority of independents report using all fresh seafood, except for shrimp. Two white-tablecloth buyers did request that the industry promote the benefits of using high-quality frozen fish. Virtually no restaurants admitted to using ready-to-cook or ready-to-heat items. Sixteen percent purchase prepared breadings or sauces, and 28 percent use preportioned seafood.

Menu add/drop

A broad variety of species was added to menus this year, with no particular trend emerging.

Most Popular Preparation Methods

Chains vs. High-Volume Independents



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Hilltop Steakhouse has a beef about sourcing seafood

How much seafood do beef-eaters consume in a week? Hilltop Steakhouse in Saugus, Massachusetts, is the largest-grossing single-unit restaurant in the United States, with annual revenues in the $27 million range. Hilltop sells a lot of beef, but it also sells a lot of seafood, even though seafood items make up less than 20 percent of the menu, reports General Manager Lenny DeRosa.

Every week, Hilltop sells a *ton* of lobster meat, literally. The 2,000 pounds of meat are served in lobster pies, casseroles and sandwiches. Hungry diners also consume 1,200 pounds of scallops, 600 pounds of shrimp, 550 pounds of swordfish, 700 pounds of skin-off scrod, 400 pounds of skin-on scrod, 120 pounds of crab and 40 gallons of clams every week.

Finding a supplier who can deliver these amounts consistently is the biggest problem Hilltop buyers have in sourcing. They use two to three regular suppliers. The seafood managers would like to see an improved pricing structure so that seafood items can be competitive with other menu items. — *C.P.*

A broad variety of species was added to menus this year, with no particular trend emerging.

Sixty-two percent of the respondents added new items. Additions include Arctic char, catfish, golden crab, flying fish, opah, sea urchins, live scallops, skate, tilapia, New Zealand cockles and octopus.

Only 24 percent of respondents have removed items from their menus. These items were removed mainly because of price, or because consumers did not like the taste. In two restaurants, shark was removed because of bad press. Tuna and Dover sole were removed because of price. At four restaurants, consumer taste buds or unfamiliarity with the product dictated the removal of calamari steak, Danish lobster tails, live scallops and coho salmon (diners at "21" found it "boring").

Red Lobster has streamlined its menu to cut down on labor and waste. Some of the items that take a long time to prepare have been pruned, such as combination platters that require frying, broiling, steaming and grilling all for the same plate.

The trend that has had the greatest impact on the restaurants surveyed this year is the increased ability of health and nutritional concerns to actually change consumer eating habits, which translates to a change in menu items and preparation methods. Many dinnerhouses and most of the white-tablecloth restaurants have always served lower-fat, lower-cholesterol preparations, so menu changes have not been as noticeable in those segments.

The chains for years have catered to Americans' love of fried food and have been last to alter their menus. Battered or breaded, fried cod and shrimp are still favored over other preparations in the chains, but alternatives are now being offered.

Bruce Cotton, senior vice president of public affairs for Long John Silver's Seafood Shoppes, reports that new baked-fish entrees are the No. 3 best-selling item in their restaurants, gaining on battered and fried cod and shrimp. LJS also now offers diners a choice of rice and salad instead of the familiar cole slaw and french fries.

Executive Chef Andrew Wilkinson at the Rainbow Room in New York's Rockefeller Plaza says, "All the trends have been done. . . those who learn to cook fish right will bring in more consumers to eat more fish."

Overall, baking makes up only a small percentage of the most popular preparation methods. Grilling and broiling account for two-thirds of preparations in the chains and high-volume independents combined. Seafood is twice as likely to be fried in chains as it is in the independents. Lighter oils and batters and different forms of preparation, like broiling, are being used to some degree by virtually all of the responding restaurants. This correlates with the trend toward developing "healthier" new products reported in *Seafood Business*, November/December 1991.

Criteria for suppliers

Relationships with suppliers are crucial to the satisfaction of food-service seafood buyers. More than 50 percent of all the buyers surveyed use between one and five suppliers; 30 percent use between six and 20 suppliers; and 11 percent use 20 or more! Specialty seafood distributors are used more often than full-line distributors.

The most important characteristic that buyers look for in a supplier is quality. The definition of what constitutes quality includes the character of the business as well as the excellence of the product. The general manager of Joe's Stone Crab in Miami Beach looks for "a clean operation. I visit suppliers to see how they handle product. It must be similar to the way we handle it."

Price is the second most important factor, followed by service. Service means availability and consistency of product. Stefano Dattistini, executive chef of the Four Seasons restaurant in New York City, says: "It is hard to keep interest in an item if it's not there consistently."

A buyer at another famous white-tablecloth restaurant in New York complains that the distribution chain should be tighter. "There are too many distributors who don't know or care what they are doing."

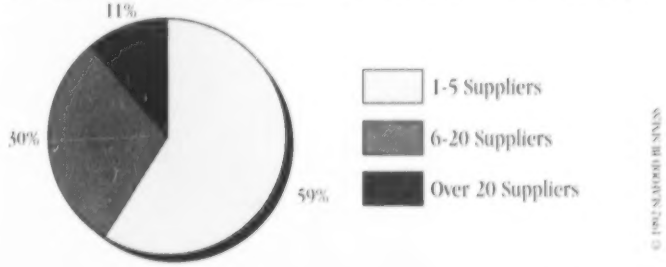
In the same vein, the biggest problem in sourcing seafood, according to the respondents, is consistency and availability of supply, followed by quality and price. This may account for the numbers of suppliers used by chains and independents alike.

Number of Suppliers Used

Chains vs. High-Volume Independents

	Chain	High-Volume Independents
1 - 5 Suppliers	47%	64%
6 - 20 Suppliers	29%	31%
Over 20 Suppliers	24%	5%

Combined (Chains & Independents)



The biggest problem in sourcing seafood, according to the respondents, is consistency and availability of supply.

Staff/customer education

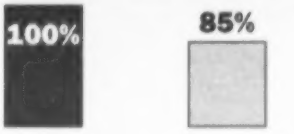
Waitstaff are trained about seafood by 100 percent of the chains included in the study and by 85 percent of the independents. The restaurants rely on waitstaff to communicate the benefits of seafood as a whole, as well as to promote individual menu items. The most frequently used training methods are classes and seminars, suggesting that person-to-person and/or hands-on training works best with a complicated food product like seafood.

The "21" Club in New York reports that their waitstaff has been there for 30 years, so they know the seafood items well. If a new species is brought in, however, the chef prepares it for the staff to taste and gives them background on the product.

Fewer respondents put educational information on their menus: only half the chains and one-fourth of the independents. The most popular information focuses on nutritional and health issues.

Training

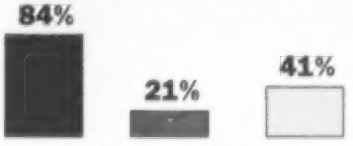
Restaurants that train waitstaff about seafood



Classes and seminars are the favored methods, followed by videos and brochures. Charts and posters are used but are not as popular.

Promotions

Percent of restaurants that have promotions



Hearts are placed next to "heart healthy" items, for instance. Sometimes, preparation methods are described, pointing to the use of low-cholesterol oils and less salt. In some cases, a product's flavor and texture are described.

Some menus give the harvest origin of the species, or declare it "dolphin safe" or some other phrase communicating political correctness.

Other types of menu information, used less often, include characteristics of the species, quality, inspection and historical tidbits.

Few of the independent restaurants surveyed use promotions to sell seafood, possibly because many of the respondents run white-tablecloth operations, which do not generally do promotions or special events. The chains, however, rely heavily on this marketing method to increase sales.

Species specials combined with lower prices, such as lobster, shrimp or crab fests with great price points, seem to work the best to increase volume. Newspaper and

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Restaurants That Include Educational Information About Seafood On Menu

Chains: 50%

Independents: 28%

Most Popular Menu Notations

1. **Nutritional/Health Information**
   Such as hearts for "heart-healthy" items and descriptions of preparation methods that are healthier, such as low-cholesterol oils used in cooking
2. **Description of taste**
3. **Source/origin**
   Including terms such as "dolphin safe"
4. **Other**
   Characteristics of species, certified inspected, quality and historical details of interest

Use of Value-added and Prepared Items

	Chain	Independent	Combined
Percent who use			
Pre-proportioned	53%	15%	28%
Ready-to-cook	37%	3%	2%
Ready-to-heat	11%	5%	7%
Prepared breadings and sauces	42%	3%	16%

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radio are the most common vehicles for advertising promotions, followed by TV and in-house presentations.

15th Street Fisheries, an innovative dinnerhouse in Fort Lauderdale, had a unique promotion to feature its new flying fish item on the menu. Fillets of marinated, partly cooked fish are placed in three-foot-wide helium balloons, which are floated over the customer's table. After the customer reels the fish in, a waitperson removes the fish and finishes sautéing it at the table.

The Waterfront, a white-tablecloth restaurant in Covington, Kentucky, has a table display of seafood to show customers what the fish look like. They recently displayed a 110-pound opah.

Positive outlook

Despite the recession, the growth outlook for the larger chains is optimistic. Red Lobster is busy adding 50 units this year and will add another 50 next year. The count at the end of May 1992 will be 550, according to Dick Monroe, vice president of public relations. Some of the new units will be built in smaller markets, with populations of less than 75,000. Some are being built in existing spaces formerly occupied by car dealerships or bowling alleys, he says.

The Captain D's Seafood chain will add 25 units to the existing 641 that operate in 24 states across the Southeast and Midwest. The new units will follow the same fast-food concept as the others.

Long John Silver's is planning to build 30 new units in the U.S. and is considering adding a few abroad.

The good news is that "fish bashing" has had little effect on restaurant consumption of seafood. However, industry problems — price, quality and supply — are continuing concerns.

With tight dollars, competition in all foodservice segments will increase over the next year. Foodservice buyers are voicing very specific concerns and very definite calls for help in selling more seafood. Restaurants want to provide value and a positive dining experience to their customers. For that, they need the support of the seafood industry. ■

Caroline Perkins is editor of Seafood Business.